

# MFB Makes Goal

For the eleventh consecutive year, Michigan Farm Bureau has had a continuous growth in membership. With goal of 62,011 member-families, MFB joins 14 other state Farm Bureaus in attaining 1978 membership quota, reporting state goal on April 13.

A total of 34 counties and six regions have surpassed their quota. In addition, five districts have attained 1978 goal.

Complimenting members who worked on the 1978 membership campaign, Charles Burkett, Director of the MFB Field Operations Division, said:

"Membership growth is tangible evidence that Farm Bureau is truly the voice of agriculture. All indications are that nationally, the Farm Bureau membership numbers will exceed 3,000,000 this year.

"We, in Michigan Farm Bureau, wish to thank and congratulate all the volunteers, agents, and employees of the total family that contributed to this success."

Those counties and their campaign chairmen reporting goal since March 14 are:

In the 1-350 member category: Hiawathaland - Richard Wallace, chairman; and Kalkaska County - Foster McCool, chairman; and in the 651-1200 member-category, Oceana County with chairman Herman DeRuiter has surpassed 1978 goal.

Regions over goal are the Saginaw Valley, Thumb, Upper Peninsula, Central, North, and Southeast. The five districts that have surpassed 1978 quota are VII, VI, XI, V and IV.



MFB President Elton Smith makes Michigan's attainment of membership goal official by presenting a check to AFBF Director of Member Relations Norwood (Bill) Eastman.

## Intentions Report:

### Farmers to Cut Back Corn, Increase Soybean Plantings

Farmers intend to cut back on corn plantings this spring, but will boost their acreages of soybeans, USDA's prospective plantings report revealed on April 14.

At a press conference held after the report's release, Howard Hjort, USDA Director of Economics, said, "The clear indication is that with these indicated national totals, comparisons with last year, and comparisons with the programs, there is no widespread abandonment of acreage that would not be compensated for under the programs."

Hjort said that, in total, the major factors that will determine final plantings will be such things as market prices and market expectations, and participation in the programs. "I would not

expect significant differences in these national figures due to changes in the expectations of those in the American Agricultural Movement," he said.

Asked how a Congressional increase in the wheat target price might affect participation in the Administration's wheat set-aside program, Hjort replied, "We are going to have high participation in the wheat program in any event." He said an increase in the wheat target price might draw in a few more participants.

The next prospective plantings report will be released June 30. That report will indicate more fully participation in the Administration's set-aside programs, Hjort said.

# Michigan Farm News

Michigan Farm Bureau's

**ACTION**

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MAY, 1978

## Bargaining Bill Ready for Congress

The nation's general farm organizations, in a statement issued jointly on April 14, announced that they have united in support of federal legislation to require handlers of agricultural products to bargain in good faith with associations of farmers for prices and other terms of sale of farm commodities.

The statement was issued by the American Farm Bureau Federation, the National Council of Farmer Cooperatives, the National Farmers' Union, and the National Grange. Several other agricultural organizations are associated with the general farm groups in support of the proposed legislation.

The legislation, which will be introduced in Congress soon, defines "unfair practices" in the buying and selling of farm commodities and prohibits both handlers and associations of producers from engaging in such practices.

The proposed legislation will facilitate the formation and operation of farmers' associations in marketing and bargaining for prices of farm products. The farm organizations believe this will improve prospects for raising farmers' incomes, stabilizing prices and supplies for consumers, and increasing the efficiency of the marketing system.

## Emergency Farm Act Defeated by House

### FB Urges Secretary to Use Existing Authority

With presidential promises of a veto riding along on its legislative process trail, a one-year emergency farm program made it through a House-Senate Conference Committee and on April 10, passed the Senate by a 49-41 vote. Two days later, the bill was defeated by the House, 150-268.

President Carter had indicated he would veto the bill - which included a "Flexible Parity" program for wheat, corn and cotton, and increases in commodity price support loans for the three commodities - if it had passed.

Farm Bureau had opposed the bill because of four major concerns: First, it overlooked the importance of agricultural exports and the need to remain competitive in world markets.

Second, it would have created a serious conflict in public policy by encouraging farmers to reduce plantings in an effort to adjust production in line with demand - while at the same time increasing incentives to produce through higher target prices and loan levels.

Third, it provided significant advantages to some farmers over others by allowing certain kinds of production on so-called diverted or set-aside acreage.

And fourth, it unnecessarily increased the costs of farm programs to the Federal Treasury by sizeable amounts.

Michigan Congressmen who voted against the bill, in line with Farm Bureau policy, were:

Conyers (D)	Pursell (R)	Stockman (R)
Sawyer (R)	Ruppe (R)	Bonior (D)
Nedzi (D)	Ford (D)	Dingell (D)
Brodhead (D)	Blanchard (D)	

Michigan Congressmen who voted for the bill were:

Brown (R)	Carr (D)	Kildee (D)
Traxler (D)	VanderJagt (R)	Cederberg (R)
Diggs (D)	Broomfield (D)	

Following defeat of the emergency farm bill, Farm Bureau once again repeated its recommendation to the administration that the Secretary of Agriculture use the authority he has now, under the Food and Agriculture Act of 1977, to make diversion payments on acreage set-asides under previously announced programs.

## Farm Bureau Center

### New Phone Number

Effective May 2

(517) 323-7000



Congressman David Stockman, shown here at the Republican breakfast during the MFB Washington Legislative Seminar in Washington, D.C. was one of the Michigan Congressmen who used the courage of his convictions and voted No on the Emergency Farm Act.



*From  
the Desk  
of  
The  
President*

### Should We Be More "Flexible"?

I'm extremely proud of the job our legislative leaders did on this year's Washington Legislative Seminar. They were faced with a rather unique situation that made their responsibilities more challenging than usual and it was a good exercise for all of us who participated in the annual project.

We too often take for granted that everyone knows how Farm Bureau's policy development-policy execution process works -- and our experiences in Washington proved that this is a wrong assumption. It also pointed out the need for us to keep spreading the good word about our grass-roots system of developing and executing policy.

We spent a great deal of time during our 4-day mission explaining that system and I believe the effort was worthwhile. There were other farmers in the nation's capital who believed that our sole purpose for being there was to counteract what they were attempting to do. There were Congressmen -- under extreme pressures from these farmers -- who asked for our understanding and suggested that Farm Bureau be -- in their words -- more "flexible" in our stand on farm programs.

When our Congressmen asked us to be more flexible, what they really meant was that we ought to compromise. This misunderstanding among the Congressmen and those among the agricultural community itself is caused by their lack of knowledge regarding our policy development - policy execution process. We were in Washington to execute the policies that farmers had already developed for this year. These were policies that started their development as the grass-roots, perhaps at a Community Group meeting with farmers sitting around the kitchen table discussing a topic of concern to them. If the recommendation that they developed to solve the problem they were discussing had to do with a national issue, such as the farm program, it went from the Community Group to the County Farm Bureau Policy Development Committee to the Michigan Farm Bureau Policy Development Committee and then on to the American Farm Bureau Federation Policy Development Committee.

At each of these steps along the way, there was opportunity for discussion, debate and decision of Farm Bureau members at county, state and national annual meetings. The Policy Development Committees at all of these levels work hard for member involvement and input during the process. The policies that are finally adopted guide our organization in its activities and efforts for the year, whether it's at the county, state or national levels.

Let's review our policy on Government Farm Programs:

*"It should be a national objective to avoid the use of price and income support measures. Any support programs, if necessary as a cushion against disaster, must be carefully designed and implemented to avoid conditions which are self-perpetuating, to protect our competitive position in world markets and to avoid undue interferences with market-directed adjustments in production and marketing. We favor a market-oriented agriculture because we believe farmers will fare better under the market system than under any type of government-managed system."*

This is our policy, developed and adopted by farmers, for 1978. When the Emergency Farm Act was measured against this policy, it is clear why Farm Bureau could not support it. We were in Washington to turn the words of our policies into action -- not just on the farm program, but other policies too.

If we compromise on these policies, we lose our strength and effectiveness. If we start being "more flexible" on issues, we would undermine the very structure that has enabled Farm Bureau to change things for the better for farmers. Consider, for example, what would have happened if Farm Bureau had not worked to execute its policy on the Single Business Tax. Would some other group have worked to get agriculture exempted?

Our policies may change next year; our members have the opportunity and the power to change them. But, for now, we have policies that we will continue to execute. And our so-called "inflexibility" will continue to be our key to success.

Elton R. Smith

## Poor Jody; Lucky Me!

The favorite part of my job is press relations and my favorite Farm Bureau activity is the Washington Legislative Seminar. So when I have the opportunity to blend the two, the adrenalin is really in high gear.

You'd think, after several years of participating in this annual project, that some of the excitement, the awe, the being impressed, would fade -- but it doesn't. I still gawk in wonderment at the humungous buildings; I still get a thrill out of being "where it happens"; I still envy the news people who are on the spot when it does. And I never get over being impressed with the professional job our legislative leaders do, not only in communicating with their Congressmen, but in their discussions with the news people.

Our Farm Bureau leaders are a press relations person's dream -- they're open, they're knowledgeable, they're articulate -- and especially important, they realize the benefits of sharing their story with the public press. They're never "too busy" to answer questions and they're patient with reporters' lack of knowledge about agriculture.

Some Farm Bureau members who had never participated in a press conference before had qualms about whether they could handle the job. But once they recognized that they are the experts, that they know better than anyone else what is happening down on the farm, those qualms disappear.

This happens, too, during our "Agricultural Backgrounders" that we've been holding in various parts of the state the past several years. The purpose of the Backgrounders is not so much to gain news coverage of this particular activity, but to develop a working relationship between county Farm Bureau leaders and their local news people. When news people become aware that they have reliable agricultural resource people right "at home" to call upon for information and opinions, it's beneficial to both farmer and newsmen.

Two things have happened in recent years that make such activities more important: first, "pure" farm editors and farm broadcasters who were born on

a farm, were trained in agricultural reporting, and know what you're talking about when you use terms that are a common part of your vocabulary but are foreign to those outside your industry -- are decreasing in number. Secondly, farm news has become front-page news and is often assigned to writers and reporters who know absolutely nothing about agriculture -- and readily admit it.

This puts a bigger responsibility on farmers, to be more aggressive, to invest more time and effort in making their views known, and to never assume that "everybody knows that." Because we do have farmer-developed policy that determines our stand on issues, Farm Bureau spokesmen are respected by the press for not "saying one thing today and the opposite the next."

I'm thankful that Farm Bureau leaders, at both the state and county levels, have accepted this responsibility. It makes my shoes much more comfortable than Jody Powell's, I bet!

I sure hope you haven't used last month's FARM NEWS to line the bottom of the bird cage or to



wrap the garbage. In that issue was a clip-and-mail envelope, post-paid, for you to use in mailing your contributions to the Political Action Committee for supporting the elections of "Friends of Agriculture." Those who participated in the recent Washington Legislative Seminar realize even more how important having "Friends of Agriculture" in decision-making roles is to farmers and their industry.

Even if you have used your last month's issue for something other than decorating your coffee table or placing in your reference library, you can still send in your contributions. Use the form contained in the ad on Page 3. The 13¢ you'll have to pay for a stamp will be a wise investment in your future.

## Bulletin from Bonnie

By Bonnie Carpenter  
MFB Outstanding Young  
Farm Woman



### Washington: Wish You'd Been There

It seems I am the one "smiling sheepishly" this month. Last month's copy of the FARM NEWS arrived the same day that I managed to get the family pickup stuck in the mud. Asking my husband to pull it out took a little doing -- it also took a batch of cookies.

This month did go a little better after that, as my husband and I were able to join with the other Legislative Leaders in the state to participate in the Washington Legislative Seminar. The weather in Washington was beautiful even if the atmosphere on Capitol Hill was a bit tense. With so many different solutions to the farm problem bouncing around, the legislative leaders certainly had their work to do -- and do it most of them did!

It illustrated how very important it is for county Farm Bureaus to carefully select their legislative leaders for this position. These farmers are spokesman for agriculture in the nation's capital and it's vital that they be knowledgeable about issues and Farm Bureau policy. It's not a job for just anybody "who has the time" to go.

Since it was my first experience participating in the

seminar, it was both an educational trip for myself and I hope an educational experience for my contacts on Capitol Hill.

Although our personal contacts are very important, those letters from home to our Congressmen are still one of the best ways to get our views across.

With legislative issues on both the state and national levels changing so rapidly, I don't know how I could keep up without Farm Bureau's help. The "Minutemen" letters received from the state really help to keep me informed and the Minuteman in your community group should be passing this information on to you. If he or she is not doing their job, maybe when elections come around, you should be tinkering of a replacement.

Since this is an election year, our involvement in the political arena should be even greater.

I wish every Farm Bureau member could have been in Washington and viewed for themselves the need for good representation in Congress and the need for a well-informed and active Farm Bureau membership. Farm Bureau is only as strong and effective as its members.



"IT SAYS THE GOVERNMENT WANTS US TO HAVE ONE BILL FOR EVERY COW AND ONE ROOSTER FOR EVERY HEN -- "

# Upper Peninsula Exempted from PBB Testing

Beginning the week of April 16, dairymen in Michigan's Upper Peninsula will be notified that their dairy animals have been certified free of PBB contamination. Acting on the recommendation of the PBB Project Unit of the Department of Agriculture, the Michigan Legislature passed a resolution on April 10 exempting the U.P. from the statewide PBB testing program. The Department recommendation was based upon test results from over 1700 dairy animals. Those laboratory test findings established a statistical confidence level of 95 percent in the UP. Only one dairy cow in the Upper Peninsula tested above the Michigan tolerance standard set by the Legislature in September of last year.

According to Kenneth Van Patten, Director of the PBB Project Unit, Wisconsin authorities will also be notified of the exemption. Wisconsin adopted the lower PBB tolerance standard passed in Michigan and has required certification of dairy animals culled at northern

Wisconsin markets. As a further control measure, the U.P. diarmen will be issued pre-printed forms which certify the animals free of contamination.

In further encouraging news for Michigan dairymen, Van Patten also reported that the Legislature is expected to adopt regional test groupings established by the Department of Agriculture. Each regional grouping represents approximately 12,000 dairy animals. When those regions are officially established, the Project Unit will draft 7 to 8 additional recommendations to exempt specific areas of the state in which animals have been found to be non-violative or which meet the statistical standard required by law. Testing has shown some Michigan counties have a very low incidence of violative animals, notably Lapeer, Ionia and Clinton counties and in several counties, no violations have been reported since testing began in October 1977. Those counties are Oakland, Wayne, Alcona, Gladwin, Lake, Roscommon, Manistee, Iosco and Oscoda.

## Dairy Memorial Honors Former FB Members

Two prominent dairy farmers and Farm Bureau leaders, who were killed in an automobile accident last June, have been honored posthumously for their dedicated contributions to the Michigan dairy industry and for leadership in their communities. Contributions in the names of Kenneth Voelker and James Frey, both of whom were active Farm Bureau members, were made by dairy producers throughout the state to the Michigan Dairy Memorial and Scholarship Foundation. The scholarship fund supports dairy science students who show promise and leadership for the dairy industry.

The honors came during ceremonies at Michigan State University's Kellogg Center for Continuing Education recently. Other honorees included Dr. G. Malcolm Trout and Dr. Earl Weaver, both retired MSU professors.

Frey and Voelker died in a car accident while returning home from an Animal Breeders and Select Sires show in Ohio in June 1977.

State Makes Goal, But. . . .



District 1 Director Arthur Bailey sheds tears of humiliation for having to accept the Golden Gutter Award for the third consecutive month. The traveling trophy, which goes to the MFB director whose district is at the bottom of the membership totem pole, will continue to make its rounds as the organization aims for every-county goal.

### MICHIGAN FARM NEWS

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WOMEN OF FARM BUREAU: Mrs. Andrew Jackson, Howell, R-4. FARM BUREAU YOUNG FARMERS: David Peckens, Howell

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## Help Send "Friends of Agriculture" to Lansing and Washington WE NEED THEM!



Farmers need representatives in Lansing and Washington, D.C. who understand and will support agriculture. If we do not have that representation, decisions will be made that adversely affect our industry.

In line with policy adopted by voting delegates at the Michigan Farm Bureau annual meeting last December, a Political Action Program has been developed. A Political Action Committee (PAC) has been formed to accept voluntary contributions from members and disburse these contributions to "Friends of Agriculture" in support of their campaigns.

The selection of "Friends of Agriculture," and financial assistance to their campaigns, will be based on demonstrated basic beliefs and/or actions which are consistent with those of Michigan agriculture—irregardless of their political affiliation.

Help send "Friends of Agriculture" to Lansing and Washington, D.C. Mail your check today to PAC, Michigan Farm Bureau, Public Affairs Division, P.O. Box 30960, Lansing, MI 48909.

(Make checks payable to Michigan Farm Bureau Political Action Committee)

Enclosed is my check to help elect "FRIENDS OF AGRICULTURE" in the amount of: \_\_\_\_\_ \$20 \_\_\_\_\_ \$50 \_\_\_\_\_ Other (Indicate amount)

Name \_\_\_\_\_

Address \_\_\_\_\_

Occupation \_\_\_\_\_

# MFB Studies Canadian Bean Market System

by Mike Rogers

A Michigan Farm Bureau dry bean study committee has completed a study of how Canadian farmers market their beans, and a member of the committee believes that Michigan has the better of the two marketing systems.

Ray Schaub, a bean farmer from Ithaca, was one of the six committee members who visited Canada on March 28 and 29. "I think the biggest difference between our system and their's is that the Canadians market their crop through the Canadian Bean Board," he says. "The individual grower has very little actual opportunity to determine how his beans are marketed. The only real input he has is the election once a year of a director from his district to the Board, and the election of a committee from each district."

However, Schaub does think the Canadian system has its advantages. "Since the Bean Board has ownership of the beans, they can

make the beans available to a buyer immediately. The Canadians can make sales as demand arises, while in Michigan it takes a little longer."

On the other hand, he says, "The Michigan bean producer has much more marketing flexibility because he can sell his beans anytime he likes. If he feels he can do a better job marketing than his neighbor or the average producer, then he has the opportunity. The Canadian producer does not have this option."

Schaub says the bean study committee will be meeting several times with bean research people around the U.S. as part of the committee's overall study of bean marketing, research and production. "After the study is completed," he says, "we will make recommendations to the Farm Bureau board as to what the problems and areas for improvement are in the total dry bean industry."

# "Demonstration" Interrupts Board



"You tell 'em," their wives strongly suggested -- and so vice-president Jack Laurie (left) and third member of the executive committee Larry DeVuyst did just that.



Ummm, good! But director Lowell Eisenmann isn't sure he wants beans to entirely replace steak.

## "BE A WINNER--EAT BEANS" IS MESSAGE

The Michigan Farm Bureau Board of Directors' meeting, April 12, was interrupted (during the President's Report, no less) by a demonstration aimed at correcting the misguided thinking of those who had billed beans as the food for losers in

the membership campaign. Led by vice-president Jack Laurie and 3rd Member Larry DeVuyst on behalf of their wives, the demonstration highlighted the value of beans -- high protein, high energy and non-carcinogenic.

brewed for at least two months.

"It is regretted that beans were cast as losers as this could further cause a decline in this already-depressed market. This organization has the full support of the UFW (Union of Farm Widows -- their husbands refused to eat beans)."

The Gratiot County Farm Bureau Women sent a message to the board: "This action was not taken without malice of forethought. This unorganized effort has been spontaneously

Bean soup, bean cake, bean cookies, bean fudge, bean donuts, and baked beans were served to the board to prove that beans are for winners.

## Member Named to U.S. Board

John B. Crawford of Lakeview, member of the Montcalm County Farm Bureau, has been appointed by Secretary of Agriculture Bob Bergland to serve on the National Potato Promotion Board. The board administers a producer-sponsored national research and promotion program to increase consumption and expand domestic and foreign markets for potatoes.

Board members are producers, nominated by producers, and are responsible to the secretary of agriculture. The potato research and promotion program is financed through producer assessments authorized in 1971 by the Potato Research and Promotion Act.

## MMPA Honors Michigan Farm Radio Network

Michigan Farm Radio Network, headquartered in Milan, has been recognized for service to agriculture.

The Network was presented the first annual Mass Communications Commendation for Service to Agriculture during the Michigan Milk Producers Association (MMPA) annual delegate meeting in East Lansing in March.

The Network was selected for the honor by a committee of the MMPA board of directors in recognition of and appreciation for accuracy and fairness in coverage of events related to

Michigan's agricultural industry, for consistent responsiveness to the character of the state's farmers, and for outstanding work to further the non-farm population's understanding of Michigan agriculture.

The Michigan Farm Bureau Broadcast Department supplies a daily noon news show to the 40-station network, and also provides weekly fruit and vegetable, bean and farm labor reports.

Dairy farmer delegates also adopted a statement of appreciation for efforts of the 40-station network.

## Commodity Festival Dates

Mushroom Festival  
Mushroom Festival  
National Mushroom Festival  
National Asparagus Festival  
Strawberry Festival  
Strawberry Festival  
National Cherry Festival  
Sauerkraut Festival  
Corn Festival  
Alpenfest  
National Blueberry Festival  
Potato Festival  
Blueberry Festival  
Melon Festival  
Apple Festival  
Harvest Festival  
Potato Festival  
Farm-City Festival  
Michigan Honey Festival  
Harvest Festival  
Grape & Wine Festival  
Octoberfest  
Marquette Co. Harvest Festival  
Octoberfest

Mesick  
Lewiston  
Boyne City  
Shelby  
Belleville  
Chassell  
Traverse City  
Bridgeport  
Auburn  
Gaylord  
South Haven  
Munger  
Monrose  
Howell  
Freeland  
Manton  
Edmore  
Mt. Clemens  
Chesaning  
Scottville  
Paw Paw  
Copper Harbor  
Marquette  
Big Rapids

May 8-14  
May 13 \*  
May 13-14  
June 9-10  
June 16-18  
July 7-8  
July 9-15  
July 14-16  
July 14-16  
July 18-23  
July 20-23  
July 28-31  
August 18-20  
August 25-27  
August 25-27 \*  
September 1-4  
September 8-10  
September 11-15 \*  
September 11-16  
September 14-16  
September 14-17 \*  
September 16-17  
September 21-23  
September 27-October 1

\* TENTATIVE DATE

## WJR Airs FB Program

A radio program produced by the Broadcast Department of Michigan Farm Bureau will, on May 7, become a regular feature on WJR Radio in Detroit.

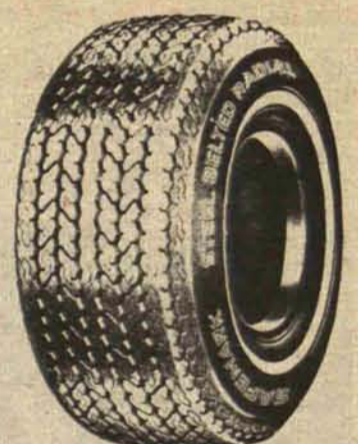
The program, "More Bucks for Your Bushels," is a weekly show that highlights the news and events that affect farm income. It will be aired on Saturdays between 5:40 a.m. and 5:55 a.m. as part of WJR's "Town and Country Report."

The "Town and Country Report" will be run from 5 a.m. to 6 a.m. It will feature farm news, weather, commodity and market analysis and business news.

# SAFEMARK



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# FB Services Helps Give Hope to Handicapped

By Laurel Hoag

Nestled in the quiet village of Lake Odessa is the home of E.B.I. Breakthru -- a sheltered workshop for the rehabilitation of mentally, physically and emotionally handicapped adults. It serves Eaton, Barry, and Ionia counties. E.B.I. trains mind and hand to work together in order to produce a more productive life.

In America, all too often a person's worth is measured by how much he or she can produce. E.B.I. wants to give their clients that chance to produce.

The core of the E.B.I. Breakthru's rehabilitation philosophy is work. Work is the first step in the transition from dependence to

## New V.P.

Donald R. Armstrong, Executive Vice President of FBS and FPC, has announced the appointment of Loyd A. Thomas as Vice President of the Finance Division for the two companies.

Thomas has had experience with Lynchburg Foundry, Gulf and Western Industries and Upjohn. His appointment was effective April 3.

## FBIG Offers New Program

A new program offered by the Farm Bureau Mutual Insurance Company will increase the insurance coverage on eligible homes automatically to keep pace with rising property values and home replacement costs.

Through a feature known as the Insurance-to-Value endorsement, the program will update the coverage on a home as inflation affects the value of the dwelling, thereby assuring adequate insurance protection at all times. Necessary coverage changes will be made each time the policy comes up for renewal.

Homeowners who participate in the program will qualify for lower rates because their homes will meet special underwriting guidelines.

To be eligible for the preferred rates and automatic updating of coverage provided by this program, a dwelling must meet these criteria: 1) value of at least \$35,000; 2) constructed since 1950; and 3) must be insured to at least 90 percent of its replacement value.

FBIG agents will determine the value of the home through a widely-used appraisal system. Then, six times throughout the year, a division of American Appraisal Associates will survey the factors affecting dwelling construction costs in 14 areas of the state and prepare a dwelling con-

struction cost index for each area. Being able to produce enables handicapped individuals to give as well as receive a sense of belonging and self respect.

The E.B.I. Breakthru center is a bee hive of many different work areas. Various functions done include: drill press operations, assembly, wire harness, packaging, wood working, inspecting, printing and literature, prime manufacturing and a host of different services. All work is subcontracted from outside businesses.

Farm Bureau Services, Inc. is just one of the many companies that have taken advantage of E.B.I.'s many services. This month they are featuring rakes built by E.B.I. for their Monthly Special. They have also had wooden traveling cases built.

Handicapped clients that come to E.B.I. Breakthru are first referred there by a state or county agency and are financially sponsored by the state. Upon admittance to E.B.I., clients are given a series of tests to determine their individual needs, and to

establish future goals and objectives for them. This allows an individual work program to be set up. A program is fully discussed with the client before it is initiated.

According to the client's capabilities, he/she is placed in one of four different work areas for training. All training is done on a one-to-one basis, with jobs broken down step-by-step. Training is done by demonstration, with little or no verbal instructions. When E.B.I. clients reach the goal established for that particular work area, they are transferred to a more advanced workshop. Some clients with limited capabilities will never go beyond the starting work area. However, just being there has allowed them to reach the highest goal they are capable of reaching.

The ultimate goal of E.B.I. is to train their clients so that they may enter the competitive job market. Sallye McLean, Program Coordinator for E.B.I., is often



E.B.I. Breakthru workshop participants are trained to be productive citizens and learn they are "worth something."

asked whether their mentally retarded clients make good workers once "outside"? Sallye's answer was a big "yes"!

"Once trained, a retarded client never deviates from his training," Sallye said. "The accident rate in a shop area where trained mentally retarded clients work will be

much lower as compared to an identical shop area where 'normal' people work." Sallye added.

The E.B.I. Breakthru center gives the handicapped a chance to be useful, productive beings. It is a place where every individual feels and knows he or she is worth something!

## Help the handicapped rake in some green

### MADE BY MICHIGAN HANDICAPPED PEOPLE

You'll help handicapped people help themselves to earn a living. This is part of the EBI Breakthru, Inc plan of manufacturing and services.

Farm Bureau is helping out as a public service.

Won't you, please, help too?

Rake . . .  
Flowers  
Grass  
Leaves

**ONLY**  
**\$1.79**

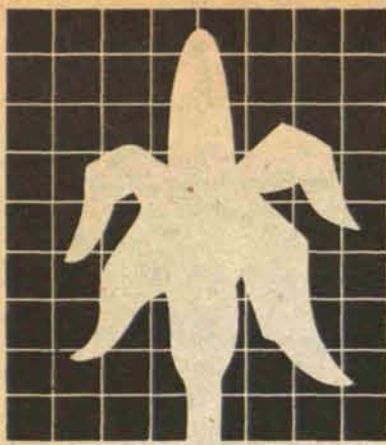
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# Marketing Outlook



## U.S. Needs "Rational" Commodity Policy, Hathaway Says

At State-Wide Commodity Conference



Dr. David Hawkins, MSU Animal Husbandry Department, (left) acted as resource person for the Beef Commodity Advisory Committee. Shown with Dr. Hawkins are Wayne Adam, committee vice-chairman from Sanilac County and Clare Ash, Hiawathaland.

A statewide conference for all Michigan Farm Bureau Commodity Advisory Committees was held in Lansing on April 10 and 11. The purpose of the two-day conference was to not only provide individual commodity committees an opportunity to discuss issues of importance to their commodity areas, but to provide all conferees with information to make decisions on policy issues.

Featured speaker on the first day was Dale E. Hathaway, Assistant Secretary for International Affairs and Commodity Programs for the United States Department of Agriculture. In addressing the 135 committee members at the general session, Hathaway outlined "A Rational Commodity Policy

for the United States."

Examining several basic factors of the Food and Agriculture Act of 1977, Hathaway said, "The United States cannot have a healthy agricultural economy without farm product exports. In the last five years, we have come to depend heavily on these exports. . . and U.S. agriculture will have to be structured if we lose these markets."

Reiterating the importance of agricultural exports to the domestic economy of the United States, Hathaway stated, "The United States cannot have a healthy domestic economy without agricultural exports. The bright spot in America's balance of payments is agriculture. Had it not been for agriculture, the United States' trade deficit in 1977 would have been over \$50 billion! To ignore this reality would be to invite even more serious economic problems."

Concluding his remarks, Hathaway suggested that reasonable price stability is a



Dale Hathaway

key part of any policy, "A system that will protect food and fiber producers when prices are low and consumers here and around the world when prices are high."

Individual commodity advisory committees met separately with resource people on the second day of the conference.

## Need for Consumer Education Recognized by Meat Industry

According to Richard Welding, treasurer of the National Livestock and Meat Board, greater industry awareness of the need to support consumer education programs is apparent "in the stronger level of investment we're seeing among the supporters of the meat board".

At the winter meeting of the Meat Board, Welding of Sioux City, Iowa, also indicated that livestock producers and meat packers have displayed a conscientious willingness to adopt rates of investment that give new and needed strength to Meat Board industry efforts. He said such support makes it possible to reach consumers, health professionals, teachers and communicators with correct and positive information about the importance and desirability of meat in the diet.

Welding reported an upturn in Meat Board revenues from almost all sources. He said this reflects both an increase in rates of investment and a broader base of funding.

This growth is due to increased cooperation of the nation's livestock market

operators and packers, who are investing on a per head of livestock sold or slaughtered.

The basic rate is 10 cents per head on cattle, 2 cents on hogs and 2 cents on sheep marketed. Many state beef groups are moving to a 25 cent per head rate on cattle with 10 cents going directly to the Meat Board. The national pork producers council has increased its per head rate from 5 to 10 cents with 2 cents going directly to the Meat Board. The Meat Board formerly received 1 cent from each nickel.

The per head rates on slaughtered livestock are 3 cents on cattle, 1 cent on hogs and 1 cent on lambs.

There are many different methods and rates among the programs throughout the country, but the one thing they have in common is a renewed awareness of the importance of supporting the national program. Variety and versatility in the competitive market place have always been healthy characteristics of our industry.

Jack H. Anderson, Marketing Specialist Michigan Farm Bureau

## 'GRAS REPORT

Our state's asparagus industry continues to become more important to Michigan vegetable growers. Asparagus acreage is second only to cucumber for pickles in our vegetable crop acreage. Growers realized nearly 7 million dollars in cash receipts last year and the future should hold even greater returns.

While Michigan growers have increased "gras" acreage in recent years California, Illinois, Washington and New Jersey have reduced production capacity. This trend has been following a decline in per capita consumption of asparagus over the last 20-30 years.

Yields and quality are a concern to all asparagus growers. Production problems have placed us at a disadvantage when compared to west coast yields which are 2, 3 and even 4 times greater than ours.

The Michigan Asparagus Research Committee has been active in providing direction and funding for asparagus research to improve our yield factor and make us more competitive. But, if we are to look at the long-term situation we must also have aggressive market development and sales promotion by the industry to keep asparagus in demand by consumers."

## MACMA EXPANDS STAFF



Richard Westra

Richard A. Westra joined the staff of the Michigan Agricultural Marketing Association (MACMA) on April 10 to assume responsibilities as manager of the Direct Marketing Division. Westra, who is a graduate of Michigan State University, looks for further development of the Direct Marketing program. "I intend to continue expanding the outlets for our products by developing markets in cooperating states," said Westra. "Acceptance of the program has been good in Michigan and participating county Farm Bureau members



Ladd Winne

will continue to have the opportunity to purchase the highest quality farm products at competitive prices".

Ladd G. Winne, formerly product purchasing manager, Farm Bureau Services, also joined the MACMA staff in April as Operations Manager of the newly organized Farm Markets Cooperative, Inc., an affiliate of MACMA. Functioning as a supply cooperative for Certified Farm Market members, the company will purchase, warehouse and deliver products required by the farm market operators.

# To Set Aside or Not to Set-Aside: Decision Time

By Dr. Paul Kindinger

## FEED GRAINS

The decision to set-aside or not to set-aside acreage this spring may be easy for some farmers. But, if you're like many Michigan farmers, the decision is not so easy or clear-cut.

There's an old cliché that farmers will farm the farm program. Many farmers are quietly taking a second look at the current set-aside programs. They are anxious to know what's really there and how it will benefit them if they participate.

## WHEAT SET-ASIDE

A producer who participates in the 20 percent wheat set-aside program can now receive payments for grazing or haying up to 40 percent of planted acres. This, along with several other program changes, were announced on March 29 by Vice President Mondale and Secretary of Agriculture Bergland.

A producer can elect to graze or cut for hay an amount of wheat equal to 40 percent of the combined acreage of wheat and feed grains, providing that this is not greater than the amount of wheat planted. The graze-out portion of his wheat must be designated as such. It may be harvested as hay or silage if desired.

Payment will be made on the basis of the 1978 wheat deficiency rate or 50c per bushel, whichever is higher, times the established wheat yield for the farm, times the acreage grazed or hayed.

There is a maximum acreage payment limitation. Payment will be made on 50 acres or 40 percent of the total combined wheat and feed grain program acreage intended for harvest in 1978 (whichever is larger) -- providing, however, that the 40 percent graze-out or hayed does not exceed the total wheat acreage. One-half of the payment will be made in advance, at the time of sign-up. This payment will count as part of the total payment limitation.

The 1978 feed grain set-aside can be divided into two segments. One is the original 10 percent voluntary acreage diversion program announced earlier this year. The second segment was announced at the March 29 news conference in Washington. It is designed for producers who participate in the original feed grain set-aside.

A producer can elect to divert additional acreage equal to 10 percent of his planted acreage. Payment for the additional 10 percent would be made at the rate of 20c a bushel for corn, 12c a bushel for barley and grain sorghum, times the established yield, times actual acreage for harvest.

The 1978 acreage for harvest is limited, however, to the 1977 planted acreage.

## SOME EXAMPLES

Assume a producer has 200 acres of land. For the sake of simplicity, he grows only corn and soybeans. There are certain assumptions which must be made in figuring these examples.

First, we must assume certain yields. In these examples, it was assumed that a farmer would divert his least productive acres. As a result, the ASCS-established yield would increase 5 percent.

Second is the assumption about price. Prices at the local elevator level may vary substantially from those used in the examples. However, the prices used should represent a reasonable estimate of forward contract or fall delivery prices.

Third, the example depicts only variable costs. The figures thus represent out-of-pocket expenses for seed, fertilizer, spray and fuels only. They do not include land payments, labor, or management.

It is imperative to obtain these figures from an accurate set of farm records. The ones used in the examples may or may not reflect

an individual's farm. The only way to determine what the set-asides would mean to an individual is by pushing a pencil and inserting actual figures.

What do the examples show? They show a slight advantage for participating in the farm program. This advantage, however, is very sensitive to the ASCS-established yields. If the established yield is substantially below expected yields, the program will have much less appeal.

The acceptability of the program is also very sensitive to what is done with the set-aside acreage. If a producer is able to plant a crop which could be grazed after October 1 by beef or dairy, that would give additional value and income to those set-aside acres.

## IN THE FINAL ANALYSIS

Whether an individual decides to participate or not will depend on his own feelings toward the program and his personal circumstances. For instance, a dairy farmer with a large acreage of alfalfa, who needs more corn this year, won't receive any benefit from the program. This is calculated on each farm if the ASCS records show it as a separate unit. It is designed primarily for a cash crop farmer.

For the cash crop farmer who wants some protection from risk against declining prices, prevented plantings or a natural disaster, the program might have some appeal.

On the other hand, if a producer expects prices to hold near target levels and he feels Mother Nature will be

kind to him, he may feel the program is a waste of time.

In either case, it would pay a producer to at least examine the program as it applies to his own situation, weigh the risks involved, and then make his determination.

It should be kept in mind by those who grow a combination of wheat, corn, barley or grain sorghum, that in order to participate in the set-aside for one of these commodities, it is mandatory to comply with the programs for each crop in order to obtain full benefits.

The examples shown here are simply a guideline which demonstrates the various options available. They are also designed to serve as a guide for the producer who wants to use his own figures to see how it might affect his option.

## EXAMPLE

### OPTION A -- NO PARTICIPATION

Crop	Acres	Yield	Price/Bu.	Gross Income/Acre	Variable Costs	Income Over Variable Costs	Total Income Over Variable Costs
Corn	100	100	2.25	225.00	90.00	135.00	13,500.00
Soybeans	100	35	6.00	210.00	55.00	155.00	15,500.00
							\$29,000.00

### OPTION B -- 20 PERCENT SET-ASIDE -- ACREAGE TAKEN FROM CORN

Corn	83.3	105	2.25	236.25	90.00	146.25	12,182.63
Set-Aside	16.7			104.75	15.00	89.75	1,498.83
Soybeans	100.0	35	6.00	210.00	55.00	155.00	15,500.00
							\$29,181.46

### OPTION C -- 20 PERCENT SET-ASIDE -- ACREAGE TAKEN FROM SOYBEANS

Corn	100	105	2.25	236.25	90.00	146.25	14,625.00
Setaside	20			105.00	15.00	90.00	1,800.00
Soybeans	80	37	6.00	222.00	55.00	167.00	13,360.00
							\$29,785.00

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## REMINDER

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# Farmers Work to Execute Policies. . .

## AMF-FB Exchanges Add New Dimension to Annual Seminar

Story by Donna Wilber  
Photos by Marcia Ditchie

Mamie Eisenhower smiled down from her gilded frame as if to give her blessing on the group of farmers gathered in the tastefully - appointed Eisenhower Lounge at the Capitol Hill Club in Washington, D.C. On the other side of a glass cabinet filled with miniature elephants (Republican, of course), former President "Ike" looked as though he were listening intently to the pros and cons of the Dole Amendment.

It was an unlikely setting for an unlikely meeting between Michigan Farm Bureau members who were in Washington, April 4-7, as part of the annual Legislative Seminar, and Michigan farmers who were in the nation's capitol as part of the American Agriculture Movement lobbying for 100 percent of parity. There was an aura of dignity about the room and this setting, perhaps, was conducive to the open, rational, friendly exchange between the two groups which took place following the Republican breakfast.

Although complete agreement was not reached on how to best solve the farm income problem, a degree of empathy and understanding was reached. The meeting concluded with an invitation to AAM affiliated farmers to become involved in Farm Bureau's policy development process through the grass-roots structure of Community Groups and to attend county and state annual meetings.

With the headquarters of Michigan Farm Bureau legislative leaders and the AAM both at the same location - the Capitol Hill Quality Inn - the opportunity for exchanges between the two groups came often. The lobby of the hotel was the scene of several late-night, spirited debates. At one point, AAM farmers had a cheerleader in the form of a union representative who told them they were "brothers" and by working together, there would be no need for a Farm Bureau in the future.

The biggest challenge of the FB Legislative Leaders, in their conversations with AAM representatives, seemed to be getting across the message that they were in Washington to execute the farmer-developed policies of their organization, and that the farm program was only one of many issues they came to discuss with their Congressmen. Those other issues included the need for expanded agricultural exports, national agricultural marketing and bargaining legislation, agricultural research, estate taxes, pesticide regulation and labor reform.

These issues were discussed during breakfast meetings with Republicans on Wednesday and Democrats on Thursday, at individual visits to the Congressmen's offices, and with officials of the United States Department of Agriculture. They were also discussed with members of the news media during press conferences at the Lansing Airport and at the

Washington, D.C. National Press Club.

### Congressmen Under Pressure

That the Congressmen were under unusual pressure was illustrated by their frequent requests for Farm Bureau's "understanding," the suggestions that Farm Bureau be more "flexible" in its stance, the reminders that the Emergency Farm Act was only a one-year program, and the assurances of a Presidential veto, regardless of how they voted.

As one USDA official observed: "The Congressmen don't know how to handle this kind of pressure. They're used to sitting down to discuss an issue with Farm Bureau groups where farmers might pound on the table and say 'if you don't vote our way, you may lose some votes.' But, this is different... these guys... in the first place, they're so BIG! And they say 'vote our way or suffer the consequences.'"

One Congressman, David Stockman of the 4th District, came out marching to a different drummer than some of his colleagues. He called the Emergency Farm Act "purely political" and warned that it would be a "mortal blow on the agricultural community" if passed. "We've worked for years to get government out of the farming business," he said, "but on the first downward trend, we're ready to turn around again." Stockman expressed disappointment in Farm Bureau for not being more effective and aggressive in counteracting the movement in that direction.

Attending the Republican breakfast were: Senator Robert Griffin; Congressmen Carl Pursell, Garry Brown, David Stockman, Hal Sawyer, Elford Cederberg; and aides representing Congressmen Philip Ruppe and William Broomfield.

Meeting with the FB



At a press conference at the Lansing Airport prior to departure for Washington, D.C. MFB Legislative Leaders answered questions for the news media. Among those who participated were (from left): Jack Laurie, MFB vice-president; Faye Adam, MFB Women's Committee; Elton R. Smith, MFB president; Bonnie Carpenter, MFB's Outstanding Young Farm Woman, and Larry DeVuyst, 3rd member of the MFB board.

Legislative Leaders at the Democrat breakfast were: Senator Donald Riegle, Jr.; Congressmen Robert Traxler, Robert Carr and David Bonior, and an aide representing Congressman William Brodhead.

### Bergland Sure of Veto

In a meeting at the USDA Wednesday afternoon with Secretary of Agriculture Bob Bergland, the Michigan group heard Bergland declare that he "had never been surer of anything in his life" as he was that Carter would veto the Emergency Farm Act. He also said the Department believes the Jackson-Vanik Amendment is a detriment to expanded agricultural exports and should be removed.

The group also visited with David Unger, Deputy Assistant Secretary for Conservation, Research and Education, and viewed a slide-tape presentation on farmer-held grain reserves.

On Thursday, some legislative leaders joined the Heritage group for a day of sightseeing, while others continued their Congressional and USDA contacts. On Friday, the combined groups visited the agricultural experiment station in Beltsville, Maryland.

Of the 133 Michigan Farm Bureau members who participated in this year's Washington Legislative Seminar, 60 were designated as Legislative Leaders - 50 representing county Farm Bureaus and 10 representing Michigan Farm Bureau. They were responsible for communicating with Congressmen about important issues facing agriculture. The Seminar is an annual project, sponsored by the Michigan Farm Bureau Women's Committee.



Following the Republican breakfast, Dave Peckens (left), chairman of the MFB Young Farmer Committee, explained to AAM-affiliated farmers that the group was in Washington to execute the policies of the organization.



Senator Donald Riegle, Jr. stopped to say good morning to Mrs. Eleanor Busman, legislative leader from Ottawa County, and Mrs. Delores Immink, Allegan County's legislative leader, during the Democrat breakfast.



# Talk to Congressmen on Key Issues

## Women Share Concerns with Foreman's Office

*(Editor's Note: The Farm Bureau Women, sponsors of the annual Washington Legislative Seminar, are concerned about nutrition and the recent trend of the USDA toward consumer advocacy. State Women's Committee members Claudine Jackson and Sandy Hill added Carol Foreman, Assistant Secretary of Agriculture, to their list of contacts while in the nation's capital, to discuss some of their concerns. Ms. Foreman was out of town the week of the Seminar, so they visited with a representative from her office, Jodie Leven-Epstein.)*

By Claudine Jackson  
Chairman,

State Women's Committee  
We have a concern regarding the Dietary Goals which came through Senator McGovern's Senate Select Committee. The Assistant Secretary of Agriculture's office, which covers Food and Nutrition, provides interpretations of these goals to the American people. We expressed our shock when this translates, for the average American male, into 2 1/3 - 3 cups cereal, 13 slices of bread, 2 1/2 cups vegetables, 1/2 egg, 5 ounces lean meat, fish or poultry and 1 1/2 cups skim milk each day. For the female, the diet would change slightly.

Since 80 percent of the U.S. population are below the recommended dietary standards in calcium, we expressed our concern and asked the office to address this problem. Deficiency of iron, particularly in the diets of women, was discussed. Recommendations of the Select Committee to decrease red meat and eggs in the diet is a concern to nutritional scientists, we told Ms. Leven-Epstein. She recognized our concern, but by-passed the responsibility by suggesting we write the Senate Select Committee. This is a challenge for all Farm Bureau members.

Ms. Leven-Epstein started to tell us about the need for nutrition education and was surprised to learn that we knew about the Humphrey

Bill that will finance a K through 12 nutrition education program. The 50c grant per child will amount to about one million dollars for Michigan. Our concern that this money would be used to "re-invent" the nutrition wheel was expressed. We feel that nutrition education is presently being covered through Science and Home Economics courses in our schools.

The reorganization of the Cooperative Extension was another subject we addressed. We pointed out the importance of the family as the cornerstone of our American society and our concern about Family Living not being spelled out in the reorganization program. We asked that this message be passed on to Ms. Foreman.

We also talked about our concerns regarding the farming out of agricultural research on a bid-basis and taking it out of the Land Grant Universities. Our husbands shared their experiences of having research done at the Land-Grant Universities and brought directly back to the farms through the Cooperative Extension Service. Students who assist in carrying out the research apply the results on their farms, providing an example in the community.

Our hour with Jodie was interesting. She is an intelligent young woman and listened to our point of view. We hope she will carry through with the suggestions we left with her . . .



Secretary of Agriculture Bob Bergland was happy to see a friendly group of farmers at the USDA offices in Washington. He told the Michigan delegation that he "had never been surer of anything in his life" as he was that President Carter would veto the Emergency Farm Act. While at the USDA, members also viewed a slide-tape presentation on farmer-held grain reserves.



Ionia County legislative leader Ray Doty (right) listens intently to Congressman Hal Sawyer give his viewpoints on the Emergency Farm Act at the Republican breakfast.



Mrs. Claudine Jackson, chairman of the state women's committee, sponsors of the annual Washington Legislative Seminar, talks with Congressman Robert Carr during the Democrat breakfast.



WOTV, Channel 8, Grand Rapids, interviewed President Elton Smith prior to the Democrat breakfast. Other media and news services representatives who interviewed the Michigan Farm Bureau and county Farm Bureau legislative leaders in Washington included: WJR Radio, Detroit; the Michigan Farmer, Lansing; the Detroit News, Gannett Newspapers, Booth Newspapers and Panax Newspapers.



Michigan Cherry Blossom Princess Brigid Thompson greeted Farm Bureau members at a special Michigan State Society reception held in the capitol. This was an unexpected addition to the Seminar agenda this year.



Chatting with Congressman Garry Brown during the Michigan State Society reception are (from left): Mrs. Don Weckwerth of Berrien County, and Mr. and Mrs. David Slocum of Barry County.

# Farmers Honored Weekly by FBIG, Radio Network

The Farmer of the Week Award, sponsored by the Michigan Farm Radio Network and Farm Bureau Insurance Group, recognizes Michigan farmers for their contributions to the agriculture industry and the community. Recipients are selected for the quality of their farming operations and their community involvement.

The Farmer of the Week Award winners for March were:



Charles Kitely

Week of March 6 - Charles Kitely, 42, who farms 900 acres near Charlevoix in partnership with his son, Chuck. Kitely, a dairy farmer, raises 425 head of cattle, including 145 milk cows. He grows about 400 acres of corn and 400 acres of hay. Kitely is current chairman of the Soil Conservation District for Charlevoix County; member of the Board of Review for Marion Township; member of the board of directors of the Charlevoix Cooperative; member of the Charlevoix County Farm Bureau; member of the Michigan Farm Bureau Dairy Committee; and past 4-H leader. He and his wife, Carmen, have four children.



John Boyd

Week of March 13 - John Boyd, Rt. 2, Stanwood, a dairy and cash grain farmer from Mecosta County. Boyd, 40, farms 550 acres and milks 60 cows with the help of his wife and his son, John, Jr. He is a member of the township planning board; member of the Stanwood Fire Department; member of the Mecosta County Farm Bureau; and he has served as a county commissioner for Mecosta County. He is a past member of the Mecosta County Farm Bureau Board. He and his wife, Marlene, have one child.



Calvin Reetz

Week of March 20 - Calvin Reetz, of West Branch in Ogemaw County, who has been farming all his life. Reetz, 52, is a dairy farmer and currently farms 450 acres in partnership with his son, Bruce. He serves as a director of the Bay City local of the Michigan Milk Producers Assn.; chairman of the board of directors of the West Branch Farmers Elevator; member of the township Board of Review; member of Holy Family Catholic Church and the Knights of Columbus; member of the Ogemaw County Farm Bureau and past president of that organization. He also served 12 years on the Ogemaw County Soil Conservation Board and received the Soil Conservation Farmer of the Year Award and the Farm Bureau Services district No. 10 Feeder of the Year Award for 1976. Reetz and his wife, Joan, have six children.



Michael Satchell

Week of March 27 - Michael Satchell, a lifelong farmer who farms 750 acres and milks 200 cows near Caro in Tuscola County. Satchell, 34, farms in partnership with his brother, Bill, and his father, Frank. He is a member of the Ellington Twp. Board of Review; serves as a Dairy Herd Improvement Assn. director for Tuscola County; Sunday School superintendent for the Sutton Methodist Church; member of the Tuscola County Farm Bureau; past president of the State Young Farmers organization; past Mid-West representative to the National Young Farmers; past president of the Deford Local of the Michigan Milk Producers Assn.; named Outstanding Dairy Farmer in 1969 by MMPA; named Outstanding Young Farmer in 1975 by local Jaycees; winner of the Michigan Minute Man for Agriculture Award in 1971; and past winner of the State Farm Bureau debate competition. Satchell and his wife, Ilene, have four children.

## Russian, Alaskan Tours Offered to FB Members

Today may be the day to begin planning that long-overdue trip you've always been forced to postpone. Agrigroups Abroad, a newly-organized travel company based in Richmond, Michigan, has combined the agricultural background of its personnel with the basic interest of the farmer and put together two travel plans Michigan farmers might enjoy.

Ralph Kirch, director of Agrigroups Abroad, has more than 25 years of experiences in agriculture. Raised on a farm near Kalamazoo, he has served as Branch County 4-H agent and a director of resources and national development officer at the National 4-H Foundation in Washington. Kirch says, "Having been associated with farm people all of my life... I think they deserve an opportunity to enjoy the fruits of their labor."

Agrigroups Abroad has designed two tour packages

specifically for Michigan Farm Bureau members. "The Best of Russia: Its People and Farms," includes a 15 day visit to Holland, Germany, Denmark and the Soviet Union, and features the cultures of Western Europe and Russia, as well as farms and laboratories. Tours of Denmark castles and the Kremlin in Moscow are included in the package, in addition to stops in Amsterdam, Hamburg, Copenhagen, Stockholm and Leningrad. The dates for this tour are August 8-22.

"Alaska Gold Rush," a 14 day tour, features a cruise through the Inner Passage, seeing cabbages up to 74 inches across, the Yukon, gold mining and river rides. The scheduled dates are July 11-20.

For more information on the itineraries and prices of the two tours, write Agrigroups Abroad, P.O. Box 65, Richland, Michigan 49083.

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## FBIG Announces Essay Winner

Ten Michigan eighth grade students shared \$1,300 in savings bonds as the top winners in the statewide America & Me essay contest, sponsored annually by Farm Bureau Insurance Group.

The first place winner in the state is Erskine Stanley, 13, a student at Harrison Park Jr. High in Grand Rapids. His essay was selected the best out of more than 7,500 entries from 370 Michigan schools.

He will receive a \$500 savings bond from FBIG, the top prize in the contest.

Erskine's essay survived three levels of judging to make it to the number one spot. The final selection was made by a panel of prominent Michigan residents that included Gov. William Milliken, State Supreme Court Justice Mary Coleman, Congressman Robert Carr, and Grand Rapids television personality Buck Matthews.

The second place winner in the state is Mike Morrissey, Bloomfield Hills Jr. High, Bloomfield Hills, who wins \$250 in savings bonds.

Third, fourth and fifth place winners, who each receive a \$100 bond, are Tony Jenkins, Warwick Jr. High, Tekonsha; Martha Nordstrom, Zeeland Middle School, Zeeland; and Michael Smith, St. Helen School, Saginaw.

The remaining winners in

the top ten, recipients of \$50 bonds each, are Eulanda Lane, Northeast Jr. High, Jackson; Judy Lee, Avondale Jr. High, Auburn Heights; Doren Day, Clague Intermediate School, Ann Arbor; LeAnne Pfenninger, St. Valentine School, Kawkawlin; and David Meyer, Holy Cross Lutheran School, Saginaw.

Started by Farm Bureau Insurance Group in 1968 and conducted with the help of FBIG agents across the state, the annual contest encourages Michigan young people to seriously consider their roles in America's future. The contest is open to any eighth grader in Michigan.

This year, more than 90 FBIG agents are involved in making award presentations to local school winners across the state.

As sponsor of the essay contest, Farm Bureau Insurance Group has received seven national awards from the Freedoms Foundation at Valley Forge.

The best excerpts from the thousands of entries are compiled into booklet form each year and distributed to schools, government officials, and to visitors at the State Capitol in Lansing.

Erskine Stanley's winning essay appears below.

## Use Your God-Given Talents

BY ERSKINE STANLEY

I'm an 8th grader and one of the things I like to do best, is draw. I've been told by a lot of people that I have a great future in Art and I'm going to use it. Now, I'm involved mainly in cartooning. I sketch my fellow students, interesting happenings around school, things that happen in my neighborhood and the whole street scene.

As I get older and develop my talents more, I hope to work in all kinds of Art forms and express my ideas through my artistry. I'd like to set an example for younger kids. I want to convince them that there is more to life than getting in trouble, dropping out of school and doing drugs. I want them to know that everybody has some kind of God given talent. If drawing isn't one of their better talents, then I want to convince them that they can sing, dance,

paint, play sports, study, write or do whatever they choose to do as long as they are working to the best of their ability.

There are a host of different things we can do for our country, and one of the main things is using our talents, - whatever they are, - to the fullest.

In America, we have the freedom to choose what we want to do with our lives. I want to tell the kids of America that a person's ability is endless, if they really concentrate in areas where they show ability. There are countless careers a person can follow and there are countless things a person can do for his country. One of the main things, in my opinion, is to do the best you can with the talent you have. **THE SKY IS THE LIMIT!**

I want to make full use of my talent - and urge all kids to do the same.

## What's Happening . . .

- |             |  |
|-------------|--|
| May 3       | District 11 (west) Women's Council Meeting<br>Crystal Falls      |
| May 4       | District 11 (East) Women's Council Meeting<br>Engadine           |
| May 23 & 24 | MFB Women's Program Planning Meeting<br>Farm Bureau Center       |
| June 7      | District 11 Women's Spring Rally<br>Northern Michigan University |
| June 19-23  | MFB Young People's Citizenship<br>Seminar, Albion College Campus |



Demand for beef, swine, grain, and other farm products has remained strong, and heavy farming activity in Michigan is again underway this year. Prices paid to farmers have been encouraging too, and rose again last March for the sixth consecutive increase. Net income for farmers in 1978 could hit \$24 billion, the third highest in history; a substantial increase over the \$20.4 billion in the U.S.D.A. estimated earlier. Foreign demand for major crops points to a record volume of agricultural exports in the current marketing year.

Weather in Michigan was the biggest factor in delaying farmer purchases of supplies to the end of March. Late snows and rain lasting into April delayed Spring farm activity.

**FERTILIZER RUSH EXPECTED**

The earlier reluctance of farmers to take fertilizer products from the inventories of their dealers has now created a tremendous logistics problem. How to supply fertilizer to farmers and replace inventories when so many are ordering at once is the problem in a nutshell. Most basic fertilizer ingredients take at least ten days to two weeks to move from their points of origin. These points are located as far as Saskatoon, Canada; Bartow, Florida and Donaldsonville, Louisiana.

Only occasional wet weather, that delays planting, can help alleviate local shortages by giving more time to distribute fertilizer.

**PESTICIDES INVENTORIES MAY NOT LAST**

Getting chemicals from manufacturers through wholesalers to dealers and to the farmer may not run as smoothly this year because of delayed Spring conditions. Dealer and Farm Bureau warehouses are high on inventory now, but the anticipated Spring hurry to buy at the last hour will deplete inventories faster than they can be replaced.

Farm Bureau has made every effort to anticipate this, and Farm Bureau remains your best source of supply.

Prices remain firm and in-season increases are just around the corner. Local tightness will develop on many pesticides during the use season. Furdan Insecticide 10G and flowable, Defolitan fungicide and Paraquat herbicide are in tight supply. Farm Bureau dealers still have product at this writing.

**HUGE DEMAND FOR JUBILEE JACKETS**

The unprecedented demand for Farm Bureau Jubilee Jackets has left many dealers short. These colorful yellow and brown jackets are offered

to patrons buying Farm Bureau Services and Farmers Petroleum products. If your participating dealer has run out, he can still get your jackets. Because of popularity of the Jacket Jubilee Program, it will be continued through the month of May.

**BUILDINGS**

The spring season has

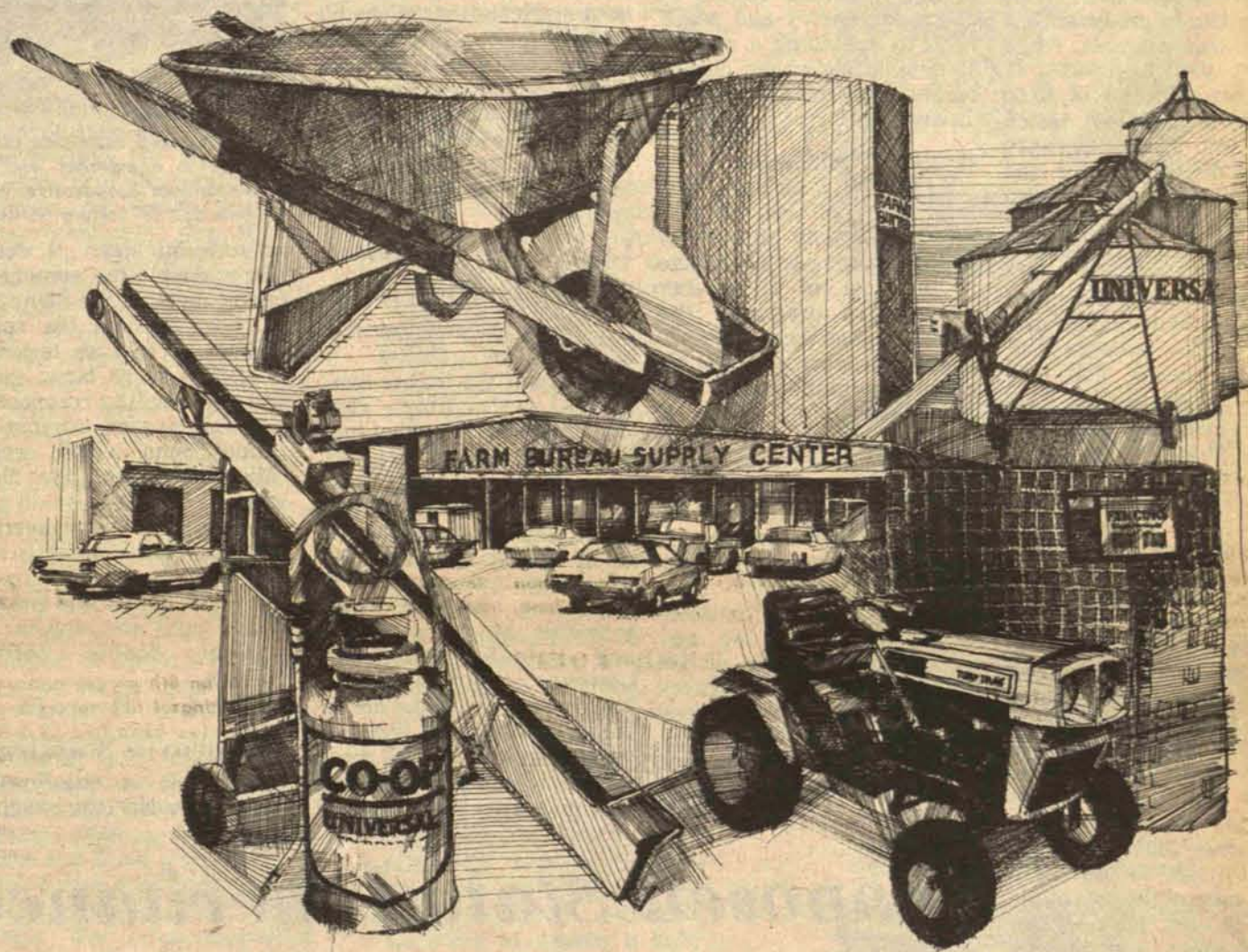
uncovered a huge call for Farm Bureau built buildings, however, Farm Bureau's Buildings Department Engineer reports he can still handle more business, but its "first come, first served".

Farm, commercial and non-farm utility buildings, garages and barns are custom designed for patrons. Telephone "Buildings" -

Farm Bureau 517 321-5661, Lansing, or see your Farm Bureau dealer. Dealers also have a good selection of all types of buildings supplies at moderate prices.

**HARDWARE**

Supplies of most high quality fencing, gates, posts, electric fence and accessories are adequate at Farm Bureau dealers.



**Where Do You Go For Quality Hardware?**

Input costs for farming are high, and getting higher. That's why so many Michigan farmers have taken their hardware business to cooperative retail outlets. The Farm Bureau people sell only durable, dependable, long-lasting hardware. To you that means value!

As a member of Universal Cooperatives, Farm Bureau Services brings you outstanding products... CO-OP® and Universal®. From Axes to Zinc coated watering tanks... your Farm Bureau Services dealer has a

great selection of farm hardware.

And buildings? Strength, versatility and longer service life make Farm Bureau buildings a great investment for your farm. At Farm Bureau Services, we guarantee satisfaction. You can depend on the cooperative system. It works... for you. Ask the Farm Bureau People.



# CAPITOL REPORT

Robert E. Smith



Lansing

(Ed. Note: Due to mid-month deadlines for publication in the Michigan Farm News, legislative reports reflect the status of legislation at that time. Significant changes which occur after the third week of each month will be reported in the next issue of the FARM NEWS.

## Double Bottom Tanker Ban Spurred by Media

The double bottom tanker controversy has become a very emotional issue over the winter months. There have been several double bottom tanker accidents in the metropolitan area with about five deaths resulting. Metropolitan news media and others made it an emotional issue and insist that all double bottom tankers be banned from Michigan highways. The Governor, by Executive Order, placed a partial ban on the use of these tankers in the Detroit metropolitan area during certain hours of the day.



A proposed statewide ban on double bottom tankers would require equipment and service evaluations by Farmers Petroleum Cooperative, Inc. Currently, FPC's fleet consists of five double bottom tankers and four singles.

### Legislative Update. . . .

#### PBB

HB 5811 has been signed into law by the Governor. It increases to \$30.00 from \$10.00 the payment to producers for holding cull animals while awaiting biopsy results. It authorizes payment of \$2.50 per day for animals tested above the PBB tolerance level while waiting for the state to pick them up and also provides a payment for animals that die from the biopsy.

SCR 377 is a resolution that has passed both houses and begins the process of exempting areas that are found to be free of PBB. This resolution exempts the entire Upper Peninsula from any further testing.

HCR 436 is another concurrent resolution that provides procedures for further exemption of areas throughout the state as they become free from any PBB.

SB46 has now been signed by the Governor as P.A. 34. It will take affect on October 1, 1978. Essentially it requires a person to build his own fence to hold his own livestock. However, if some other person uses the fence then they are liable to pay for a proper share of the cost of the fence. The act provides for fence viewers and various procedures.

#### Soil Conservation Districts

The House Conservation Committee held a hearing on H5866, which repeals the present 3 acre land requirement whereby only an occupier of land of 3 acres or more can vote in elections for Soil Conservation Directors. Farm Bureau strongly opposed the bill, pointing out that Soil Conservation Districts are important to farmers and to agriculture and that the selection of the Director should remain with land owners and land occupiers. The present 3 acre requirement should continue as districts will no doubt be given more responsibility as time goes on. Without this minimal protection, land owners and occupiers could be outvoted by those who do not have any connection to the land and may wish to control soil conservation districts for a variety of reasons.

#### X disease

H 5402 has passed the House and is presently before the Senate. It would control X disease in cherry and peach trees by providing a system of eliminating choke cherry bushes which are hosts for the disease.

#### Weather Modification

S 1193 and S 5968 are near final passage. One bill permits a County Board of Commissioners to contribute to the cost of a weather modification program. The other licenses those who are in that business and sets up certain requirements and regulations.

#### Appointment of Director of Agriculture

The House Agriculture Committee held a hearing on H5102 and H5103 which would transfer the authority from the Agricultural Commission to the Governor for appointment or removal of the Director of Agriculture. Farm Bureau and others strongly opposed this proposal. A similar bill has been introduced in the Senate.

#### Legislators Propose Transport Restrictions

There are now four bills before the House of Representatives that propose several restrictions. They would include an annual tank truck driver testing program, new safety regulations, eventual ban of all double bottom tankers and reduction of pay load not to exceed 9,000 gallons on tank trailers. No one can oppose such proposals as driver testing and safety regulations, however, those proposals banning the use of the double bottom tanker and reducing the load to 9,000 gallons could create serious problems and cost increases especially for

out-state Michigan. It would nearly double the number of tanker units on the highways in order to haul the same amount of fuel so urgently needed to serve farm, rural and metropolitan consumers.

The increased number of tanker units would create other hazards on the highways. It obviously would also increase the cost of delivering fuels throughout the state and may well result in temporary shortages due to the time it would take to replace all present double bottom tankers.

#### Tanker Retrofit

#### Improves Stability

It is questionable whether such legislation is

necessary in view of a study by the University of Michigan Highway Safety Institute, which proves that double bottom tankers can be retrofitted to operate safely. In a demonstration at the Chrysler Proving Grounds the huge tankers were equipped with out rigger type wheels to prevent their tipping over and then a definite attempt was made to tip them over. It was found that the tankers as they are presently constructed were unstable during certain maneuvers. However, by the addition of a different type of hitch costing approximately \$3,000 per unit, the double bottom was made nearly as stable as other types of tank trucks.

## Proposed State Inheritance Law Complements Federal Legislation

Farm Bureau has promoted and supported changes in the Federal Estate Tax Reform Act of 1976 as passed by the Federal Congress. With these major changes in federal estate taxes, it is now possible to modernize Michigan's Inheritance Tax Law as it applies to farming.

Two bills have been introduced in the Michigan Legislature. One (S 1447) by Senator Corbin (D-Clio) and the other by Rep. Hoffman (R-Applegate) in the House. Both bills are promoted and supported by Farm Bureau. The legislation will make the Michigan law compatible with the new federal law. However, as presently written, the Hoffman bill goes further by providing relief for all taxpayers. The present tax exemption in Michigan is \$30,000 for a surviving spouse

and \$5,000 for a family member. This has not been changed since 1925 and obviously is obsolete. The Hoffman Bill would change the \$30,000 for surviving spouse to \$100,000 and the \$5,000 for a family member to \$15,000, bringing these exemptions somewhat in line with the changes since 1925. Both the Corbin Bill in the Senate and the Hoffman Bill in the House have the same provisions for farms, each provides for (1) a 50 percent exemption of the market value of qualified farm real property from inheritance taxes, (2) defers or postpones the remaining half of the taxes for 10 years without penalty or interest.

In order to receive the benefit, an heir of farmland must either be a family member or a family business partner of the deceased and must enroll the farm real

estate property into the Farmland and Open Space Preservation Act (P.A. 116). The purpose of this is to assure that the heir carries out the commitment to maintain the property in farming for at least 10 years in exchange for the tax benefits. This is compatible with the federal law because in order to qualify for the federal provisions on farmland, there is a 15 year period. The federal law, however, covers only family members; but the Michigan proposals would extend the same benefits to farm partners.

The major changes made in the Federal Estate Tax Law by Congress last year includes (1) an increase in both the tax credit (up to an equivalent exemption of \$175,625) and the tax rate schedule (range from 18 to 70 percent) for federal estate

taxes, (2) an increase in the estate tax marital deduction to the larger of \$250,000 or one half of the estate, (3) the valuation of the farm or a closely held business realty on the basis of its present use providing the family continues farming for a certain period of time can't decrease value beyond \$500,000, (4) an extension of time (up to 15 years) to pay the estate tax involving a farm or closely held business providing the family continues farming for the designated period of time.

The first two changes in the federal law affect both farm and new farm estates.

The new federal estate law combined with the proposed changes in the state inheritance tax would remove a very great burden from agriculture and make it possible for heirs to maintain the farm in agricultural use.

# A Day in the Life of a Regional Representative

Story by Connie Lawson  
Photos by Marcia Ditchie

The highway leading south from the Lansing Michigan Farm Bureau office is familiar to Farm News reporters and the face of the driver, Central Regional Representative Bernie Bishop, is also familiar. We are accustomed to his brief visits between meetings to pick up slide presentations, equipment and to consult with the state office staff. But today we will be the visitors as he travels throughout the mid-Michigan counties of Clinton, Eaton, Ingham, Genesee and Shiawassee.

Keeping pace with the morning traffic on temporary I-69, Bernie reminds us that Eaton county has still not blocked the construction of Interstate-69 which would pass through prime agricultural land lying west of the temporary route we are travelling. Evaluating the current situation, Bernie concedes that right of way purchases have been stopped. However, he adds, the Department of State Highways and Transportation has not adopted the alternative plan to improve the existing I-69 route. Until that alternative is approved by state officials, the farmland in Eaton County remains in jeopardy.

The encroachment of urban land uses is strikingly apparent when we arrive at the Eaton County Farm Bureau office. From this vantage point, the archives of land use policy can be read most clearly. Small, closely spaced houses form neat rows in the subdivision which faces the county office. Adjacent to the building stands a new high school complex to serve this growing community in Charlotte. Yet behind the small brick Farm Bureau office, like a historical photograph, broken corn stalks line the horizon and reflected sunlight at the crest of the hill reveals the metallic caps of silos.

Eaton County Farm Bureau members who were instrumental in stirring concern for the land use question in the I-69 Project, recognize

the need for young people to understand their role in self-government and to become involved in that process. The county supports the aims of the Michigan Farm Bureau Citizenship Seminar by selecting and sponsoring area high school juniors and seniors each year to attend the 5-day seminar. Bernie and Sharon Hickok, Eaton County secretary, discuss the list of potential candidates who will be selected to attend the Seminar at Albion College in June. The decision will be made soon and that subject is added to the meeting agenda they have revised.

The agenda for this day is also filled with appointments and meetings and we are soon southbound for the Branch County Seat, Marshall, a site chosen by South Regional Representative, Don Ruhl for the bi-monthly Farm Bureau liaison meeting. Here area field representatives of the various Farm Bureau affiliates meet to coordinate member services in the coming weeks. For the balance of the morning, information is exchanged; needed services or problems are discussed; possible solutions are suggested.

Because there is no time after the meeting to stop for lunch, we enjoy the first "picnic" of the year in the comfort of Bishop's car while headed across three counties for a destination in Owosso. The Shiawassee County Farm Bureau president, Gene Maynard will be waiting there to discuss membership. Bernie explains as we travel, that this is not a typical day. The liaison meeting has taken much of the morning, but he feels the communication between the Farm Bureau companies and regional representatives is essential.

The meeting at Owosso is short. Bernie and Gene soon have concluded their meeting and briefly discuss the success of the news media "backgrounder" held in Lansing the previous evening. Both men are pleased with the questions of the press and their interest in

agricultural issues which affect mid-Michigan farmers.

Before we leave, Bernie trades his neat, plaid sport coat for a kelly green Safemark jacket which hangs in the car. We are on our way to two Safemark dealer open houses. The success of county programs, such as the Safemark Group Purchasing, depend upon the commitment of county Farm Bureau leadership and the support of membership, Bernie tells us. The decision to adopt this program is entirely in the hands of the county Farm Bureau. He is pleased with the enthusiasm of counties in his region for the group purchasing concept and feels it is gaining the confidence of members.

At the Hub Tire Center in Clinton County, operated by Safemark dealer, Charles Weber, Bernie and Gene Greenawalt, Safemark Program Manager, cross paths. The three men discuss the sales during the open house and check the in-stock supply of tires and batteries.

The Safemark outlet also provides a casual meeting place for farmers. County Farm Bureau members unable to get into the fields, but unwilling to remain inactive on this bright spring afternoon, are also there. In this impromptu setting, Bernie and these members discuss farm business until Clinton County president, Don Witt, arrives. With yet another open house to attend, the men move to the Clinton County office where secretary, Marilyn Knight, efficiently reports the immediate activities of the county Farm Bureau. Decisions to sponsor a baby animal display during Michigan Week, select winners in the Citizenship Seminar essay contest and plans to participate in the "Adopt a Legislator" program are set for an upcoming county board meeting.

Our last stop will be Fowler Gas and Oil, the Safemark dealership in that Clinton County farm community.



Nineteen media representatives attended a news backgrounder at Lansing on April 13. Bernie Bishop and Ingham County Information Chairperson, Audrey Stoffer welcomed WITL news director, Duane Stacker.



Sales receipts at the Eaton County Safemark dealership indicate a growing confidence in the group purchasing program and Safemark product quality.



Bernie and Eaton County secretary, Sharon Hickok, consult past meeting minutes before reviewing the agenda of Eaton County Farm Bureau board of directors meeting.



Shiawassee County Secretary Norma Taylor and President Gene Maynard.



Genesee County President John Sill and Secretary Doris Walking.



Clinton County Secretary Marilyn Knight and President Don Witt.



Ingham County Secretary Jean Scutt and President Charles Wilcox.

# Commodity Trading

Many centuries of history are back of the exchange system of trading in commodities. Trading in organized markets existed in China as early as 1200 B.C. Even earlier there were markets in India, Arabia and Egypt with some of the characteristics of exchange trading.

Today trading in commodities is no longer an obscure technique employed by a few aggressive individuals. To many it is a critical factor in determining profit or loss. From the smallest farmer to the largest, hedging may be the only way of saving themselves from sudden price drop. Properly used it can also substantially improve profitability. This article, hopefully, will provide you a feel for what hedging is really all about; how the "big boys" use it to their advantage and very often to your disadvantage.

When a person owns, or has committed to own, a product at a certain price, they are said to be "long" that commodity. If the price of the commodity should rise, they would profit and if it should drop, they would lose. For example, a "long" position would be a farmer who had not yet marketed his crop. Should this apply if that crop decrease or the demand increase, prices would tend to rise and the farmer could sell his crop at a greater profit than if the reverse situation developed.

When a person is committed by a contractual sales agreement to sell something and he has not yet fixed the cost of that item to him, he is said to be "short" that commodity. For example, a wholesaler might agree to deliver a shipment of a specific commodity at a specific price three months hence. Should prices drop between the date the commodity sale is contracted and the date the wholesaler actually buys the commodity which he will later deliver, his profits will increase. But, should the price rise he will have to pay more for the commodity to cover his sale and his profit would be less or could be eliminated entirely.

## The Classical Hedge

Because of the risks associated with fluctuating commodity prices, the futures market is used for price insurance, i.e., hedging. The basic principle of hedging is to reduce the chance of major price fluctuations by avoiding a sizeable "short" or "long" position. This is achieved by simultaneously offsetting any cash position with the opposite futures position. This technique is called a classical hedge. For example, if a person purchased the actual commodity and is thus "long," he would sell an equivalent amount on the futures market. Should the price or value of the commodity drop, his "long" position would lose value while his "short" position would gain an approximately similar amount in value.

A farmer might find it more difficult to assess his risks than a wholesaler since the size of his crop depends on the weather and numerous other items. Nevertheless, the grower is also "long." In this case, a hedge in futures becomes more effective as the crop approaches maturity. A farmer should hedge a quantity approximating the size harvest which he is confident of receiving.

A person using the classical hedge is less concerned with fluctuations than with changes in the difference between cash prices and future prices. Unless supplies of a commodity are tight, futures tend to be higher than cash prices reflecting storage and carrying costs. As the futures contract approaches maturity, the two prices move together since they become almost one and the same.

The decision of whether to hedge and how much to hedge is an important one and thorough assessment of its implications is encouraged.

# DISCUSSION TOPIC

by KEN WILES  
Manager Member Relations

## Futures

Since hedging reduces price risk, a knowledgeable banker may accept significant financing concessions for properly hedged cash positions. The smaller a farmer's risk, the more secure are his loans. Therefore, a banker will often lend much more to the farmer who hedged and usually at a lower rate. This additional financial potential can be an important competitive advantage and it tends to reflect favorably upon management ability. More money is freed to go into inventory and increased volume. More volume implies larger profits.

Since lending policies vary, it is best to familiarize oneself with the policy of the bank where you do business. It is important to keep your banker informed of your hedged positions and your future trading plans. When a hedged position is removed, the bank should be informed and repayment arrangements worked out.

By locking in a purchase price with a "long" position in the futures market, a farmer can sell a product which has not yet been harvested, at a specific price, with minimal risk. Those who fail to use this tool are in a far inferior marketing position.

## Hedging Versus Forward Contracting

While the opportunities for forward contracting, particularly for some future time, are typically limited, it is important to understand why some people prefer hedging to forward contracting. Actually there are three important advantages to hedging.

(1) If a person forward contracts for some rather distant time the company that he does this with hedges plus adds in a handsome additional margin. A glance at their profits will often indicate the magnitude of this margin. By hedging himself, chances are the farmer will make a lot more money.

(2) A person can adjust the quantity which he has hedged. This is virtually impossible to do in the case of a forward contract. This flexibility is very valuable if a person has to change his estimate of crop size or needs to return to an unhedged position.

(3) With price swings as great as they have recently been, certain old and well established firms and cooperatives have liquidated. If a person has forward contracted with any such organizations, previous agreements are cancelled. By contrast, the Chicago Board of Trade has been in existence since 1848 without default.

## Other Uses of Futures

There are several uses for the future market other than the classical hedge.

a. Storage tool: In most commodities the price difference between two contract months will express relative demand and storage costs. If a farmer is maintaining an inventory over a certain timeframe, then that farmer should compare his own storage costs with those ex-

pressed on the board. It might be that he would do well by selling actuals and buying futures, thereby having the futures market carry the inventory for less than the firm could. Of course there are different ways of evaluating one's costs. For example-if a person has his own warehouse, it is locked into certain costs, where if he rents storage space, no such fixed cost exists. Quite often a farmer isn't satisfied with existing prices and decides to hold rather than sell. By getting rid of this inventory and replacing it with buy hedge, he will free up a significant amount of cash and still maintain his riskless posture.

b. Price evaluation tool: On reviewing the price difference between the futures and actuals, one can often identify attractive pricing opportunities. For example, let's assume that a farmer notices that normally his commodity sells at 15 cents below futures. In an unusual market he notices that his commodity is 25 cents below futures. If he is a seller, he would sell futures against his actuals rather than directly selling the actuals. He might then hold both positions until the price difference narrows.

c. Planning tool: The price of futures is a reflection on what market participants expect actual prices to be at a certain time in the future. In planning, this can prove valuable. For example, a farmer might wish to switch his acres from one commodity to another due to the relative price level between the two competing crops or perhaps capacity might be expanded or reduced because of future market indications.

d. Conversion tool: Many farmers in effect convert one or more commodities into another. Take, for example, the feed block operators - feeder cattle plus feed grain plus time equal live cattle. By comparing the future cost of the inputs with the price of the outputs, they can often lock in a handsome conversion profit by buying the inputs and selling the outputs.

## Hedge Guidance

In this article we have attempted to explain why hedging basically represents a substitute sale or purchase. We have discussed when and how it is more desirable. There are several other considerations, which can, when properly analyzed, considerably improve profitability. For example, something as simple as knowing when it is better to hedge wheat in Kansas City, Chicago or Minneapolis can make a person considerably more profit than blindly hedging on just one exchange.

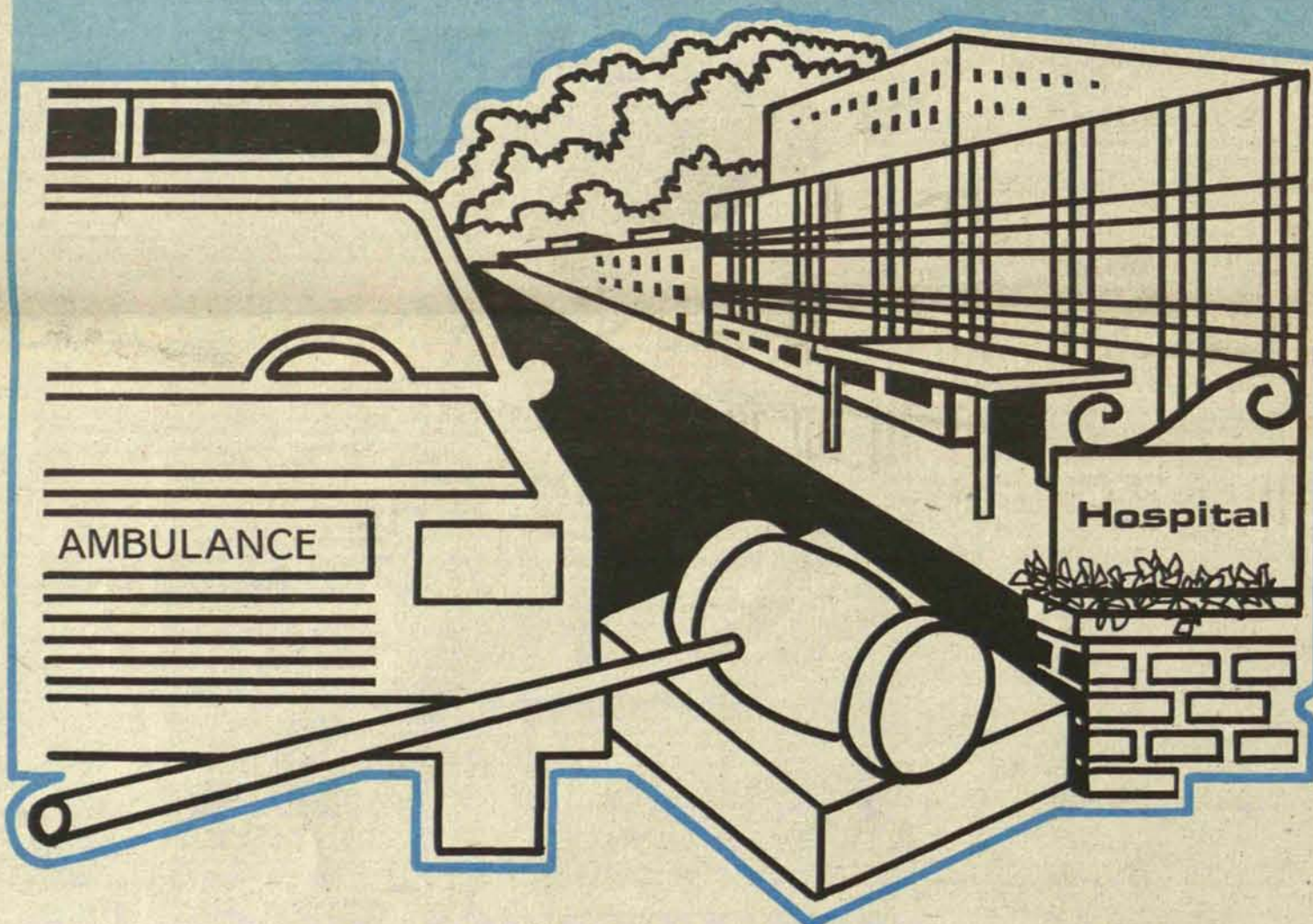
Hedging can be used to dramatically alter a farmer's tax posture in a favorable manner. He may be taken back by the amount of work or the number of things to look at. But he shouldn't be. If he's dealing in a sizeable volume with a lot to gain by this analysis, there is no doubt about what he should do - spend the money to have someone knowledgeable help him to get a good handle on these factors. On the other hand, a small farmer working with a hundred acres may not have the time, money or facilities to stay on top of these factors. He will be forced to rely on whatever free or inexpensive advice he can get.

Unfortunately, in commodities, it's very true that you get what you pay for. Brokerage house advice tends to be somewhat simplistic. If you rely on a broker, make sure you have him give you basic information and keep you posted regarding other relevant factors. Wherever you get the advice, make sure it's good.



# uninsured farm workers?

FINANCIAL FARM DISASTER COULD RESULT



Agricultural employers must provide the same worker's disability compensation coverage for their employees as do non-agricultural employers. It's the law.

Farm Bureau Mutual can help. Our agricultural worker's disability compensation insurance programs are proven to work right for all types of Michigan farms. In fact, a special program is

designed just for Farm Bureau Members. "Safety Group" Worker's Disability Compensation offers possible dividends ranging from 5% to 45% of annual premium.

If you employ any agricultural labor, remember the law. Your Farm Bureau Insurance agent can help.

**WORKER'S DISABILITY  
COMPENSATION INSURANCE . . .  
ANOTHER INSURANCE PROGRAM  
THAT WORKS . . . FROM  
FARM BUREAU MUTUAL.**

**FARM BUREAU  
INSURANCE  
GROUP**

